

## Message Text

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ACTION H-03

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 3437

INFO AMEMBASSY BONN

AMCONSUL SAO PAULO

AMCONSUL RIO DE JANEIRO

USMISSION IAEA VIENNA

C O N F I D E N T I A L BRASILIA 0511

C O R R E C T E D C O P Y (CORRECT MRN TO READ 0511 VICE 051GI)

.O.11652: GDS

TAGS: PFOR, EGEN, ENRG, BR

SUBJECT: SENATOR JAVITS DISCUSSES ENERGY PROBLEMS IN BRASILIA

REF: BRASILIA 0415 (NOTAL)

1. DURING ONE-HOUR CONVERSATION AT MINISTRY OF MINES AND ENERGY SENATOR JAVITS DISCUSSED ENERGY ISSUES WITH MINISTER SHIGEAKI UEKI DURING SENATOR'S VISIT TO BRASILIA JANUARY 7. UEKI OUTLINED FOR SENATOR BACKGROUND OF GOB DECISION TO ENTER RISK CONTRACTS WITH FOREIGN OIL COMPANIES FOR EXPORATION IN BRAZIL. HE STATED THAT HE FAVORED THE DECISION AND HAD LONG ENCOURAGED THE REST OF THE GOVERNMENT AND THE RPRESIDENT, WHO WAS INITIALLY OPPOSED, TO ACCEPT IT. UEKI ADMITTED THAT PUBLIC REACTION TO THE IDEA INITIALLY WAS NEGATIVE, BUT THAT ONCE THE DECISION WAS FIRM, BRAZILIAN PUBLIC OPINION HAS COME TO ACCEPT RISK CONTRACTS AND IS NOW LOOKING FOR PROMPT RESULTS. THEREFORE, HE COONTINUED, IT IS IMPORTANT THAT THE FOREIGN OIL COMPANIES RESPOND TO THIS OPPORTUNITY. UEKI SAID HE HAD BEEN IN TOUCH WITH THEMAJORS AND THERE WS CONSIDERABLE INTEREST, BUT HE HOPED OTHER US COMPANIES WOULD PLAY A ROLE, AND HE ASKED THE SENATOR TO ENCOURAGE HIS CONTACTS IN THE OIL INDUSTRY TO REACT FAVORABLY TO THE BRAZILIAN OPPORTUNITY. THE SENATOR SAID THAT HE THOUGHT  
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BRAZIL WOULD BE BEST SERVED BY A DYNAMIC COMANY, NEITHER

TOO BIG OR TOO SMALL, THAT COULD ACT AS AN "ICEBREAKER."  
HE COMMENTED THAT THE INVOLVEMENT OF THE MAJORS SEEMED  
ALWAYS TO INTRODUCE WORLD POLITICAL CONSIDERATIONS. ARMAND  
HAMMER AND OCCIDENTAL WAS MENTIONED, AND THE SENATOR SAID  
THAT HAMMER WAS ALREADY OVERCONSULTED. THE SENATOR THEN  
REFERRED TO BELCO, A MIDDLE-  
SIZED AMERICAN COMPANY WITH  
PREVIOUS EXPERIENCE IN PERU, AS A POSSIBILITY THAT UEKI  
MIGHT WANT TO LOOK INTO. CONCERNING A COMMENT BY SENATOR  
JAVITS ABOUT THE RANGE OF ENERGY ALTERNATIVES THE USG WAS  
PURSUING, UEKI OBSERVED THAT THE SPECTRUM OF ENERGY  
ALTERNATIVES IN BRAZIL WAS MUCH LIKE THAT OF THE US AND  
BRAZIL WAS UNDERTAKING RESEARCH EFFORTS ALONG THE SPECTRUM.

2. TURNING TO NUCLEAR MATTERS SPECIFICALLY JAVITS REITERATED  
US PUBLIC AND  
OFFICIAL CONCERN OVER POSSIBLE DANGER THAT  
FRG-BRAZIL NUCLEAR AGREEMENT WILL PERMIT FURTHER SPREAD  
OF NUCLEAR TECHNOLOGY WITH MILITARY APPLICATIONS. SENATOR  
EXPRESSED HOPE THAT BRAZIL WOULD AGREE TO ADEQUATE  
SAFEGUARDS IN IAEA ORILATERAL. UEKI REVIEWED POLITICAL  
REASONS FOR BRAZIL'S NON-ADHERENCE TO NPT. HE CHARACTERIZED  
NPT AS INHERENTLY DISCRIMINATORY IN THAT IT PROVIDES FOR  
MONITORING OF NUCLEAR RESEARCH AND DEVELOPMENT IN NON-  
NUCLEAR COUNTRIES WHILE ALLOWING NUCLEAR COUNTRIES FREE  
REIN. HE SAW THAT AS AN EFFORT TO FREEZE THE STATUS QUO  
AND PERPETUATE THE SYSTEM. UEKI NOTED THAT NEGOTIATIONS  
ON THE TRILATERAL SAFEGUARD AGREEMENT WERE GOING AHEAD  
NORMALLY AND REITERATED THAT HE SAW NO PARTICULAR PROBLEM  
IN THEM. HE MADE THE GENERAL OBSERVATION, IN REPLY TO  
THE SENATOR'S COMMENTS ABOUT UNEASINESS IN IMPORTANT  
CIRCLES ABOUT THE POSSIBILITY OF MILITARY APPLICATIONS  
IN BRAZIL, THAT ASSURANCES ON THIS SCORE FROM A COUNTRY  
OF BRAZIL'S WEIGHT AND STATURE (PESO) SHOULD BE SUFFICIENT. TO  
THIS THE SENATOR RESPONDED THAT, IF THAT CONCEPT WERE TO  
BE GENERALIZED, THERE WOULD BE NO NEED FOR AN NPT.

3. DISCUSSING BACKGROUND OF ACCORD WITH FRG, UEKI STATED  
THAT THE GOB DID NOT WANT TO REPEAT IN THE NUCLEAR FIELD  
THE MISTAKES IT HAD MADE IN THE FIELD OF HYDROELECTRIC  
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TURBINE MANUFACTURE, NOT ONE OF THE 5 OR 6 FOREIGN  
COMPANIES OPERATING IN BRAZIL COULD MAKE A COMPLETE TURBINE  
SO THAT BRAZIL WAS DEPENDENT ON FOREIGN SUPPLY OF CRITICAL,  
SOPHISTICATED PARTS. THEREFORE, BRAZIL INTENDED TO HAVE A  
FULLY NATIONAL NUCLEAR POWER INDUSTRY, WITH NATIONAL  
TECHNOLOGY. UEKI CLAIMED THAT FRG OFFERED ONLY POSSIBILITY  
OF AGREEMENT PROVIDING FULL CYCLE OF TECHNOLOGY. GOB, HE  
CONTINUED, HAD INITIALLY HOPED FOR AGREEMENT WITH AMERICAN

FIRM (SIC) AND HAD NEGOTIATED UNSUCCESSFULLY WITH WESTINGHOUSE. BECHTEL HAD ENTERED THE PICTURE SUBSEQUENTLY BUT HAD TO PULL BACK AS A RESULT OF THE USG POLICY.

4. SENATOR JAVITS, AFTER NOTING HIS SATISFACTION WITH UEKI'S STATEMENT ON THE WORK ON TRILATERAL SAFEGUARDS, SUGGESTED THAT IT WOULD BE IN BRAZIL'S INTEREST TO ALLAY UNEASINESS IN THE US BY GIVING PUBLICITY TO ITS ACCEPTANCE OF SAFEGUARDS. UEKI, IN RESPONSE, SAID THAT THERE WAS A POLITICAL ONUS IN SAFEGUARDS AND THAT IN BRAZIL IT WAS POLITICALLY DIS-ADVANTAGEOUS TO CALL ATTENTION TO THEIR ACCEPTANCE. HE OBSERVED THAT IN THE UNITED STATES AND IN THE US CONGRESS THERE WERE MANY AUTHORITIES WHO KNEW WHAT THE BRAZILIAN ACCEPTANCE OF SAFEGUARDS MEANT AND, IF THERE WERE A NEED TO CALM APPREHENSIONS, THOSE PERSONS COULD TAKE THE NECESSARY STEPS IN THE US ITSELF.  
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